



FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36218; Docket No. FD 36219]

Gregory B. Cundiff, Connie Cundiff, CGX, Inc. and Ironhorse Resources, Inc.—Continuance in Control Exemption—San Pedro Valley Holdings, LLC in Cochise County, Ariz.; Gregory B. Cundiff, Connie Cundiff, CGX, Inc. and Ironhorse Resources, Inc.—Continuance in Control Exemption—San Pedro Valley Railroad, LLC in Cochise County, Ariz.

In Docket No. FD 36218, Gregory B. Cundiff, Connie Cundiff, CGX, Inc. (CGX), and Ironhorse Resources, Inc. (IHR),¹ (collectively, applicants) filed a verified notice of exemption under 49 CFR 1180.2(d)(2) for CGX to continue in control of San Pedro Valley Holdings, LLC (SPVH), upon SPVH's becoming a Class III rail carrier.

This transaction is related to a concurrently filed verified notice of exemption in San Pedro Valley Holdings, LLC—Acquisition Exemption—San Pedro & Southwestern Railroad in Cochise County, Ariz., Docket No. FD 36216. In that proceeding, SPVH seeks an exemption under 49 CFR 1150.31 to acquire two rail lines owned by the San Pedro and Southwestern Railroad Company: (1) from point of connection to Union Pacific Railroad (UP) at milepost 1033.25 at or near Benson, to milepost 1040.15 at or near St. David, a distance of 6.9 miles in Cochise County, Ariz.; and (2) from point of connection to UP at milepost 1074 at or near Wilcox, to all tracks at Wilcox Yard, a total

¹ CGX, a noncarrier holding company, owns IHR—also a noncarrier holding company. CGX is owned in equal parts by the Gregory B. Cundiff Trust and the Connie Cundiff Trust, both of which are noncarrier individual trusts.

of 8,281 feet or 1.57 miles, in Cochise County (collectively, the Lines). The Lines total approximately 8.47 miles.

In Docket No. FD 36219, applicants filed a verified notice of exemption under 49 CFR 1180.2(d)(2) for IHR to continue in control of San Pedro Valley Railroad, LLC (SPVR), upon SPVR's becoming a Class III rail carrier. This transaction is related to a concurrently filed verified notice of exemption in San Pedro Valley Railroad—Operator Exemption—San Pedro Valley Holdings, LLC in Cochise County, Ariz., Docket No. FD 36217, in which SPVR seeks an exemption under 49 CFR 1150.31 to assume operations over the Lines.

According to applicants, CGX will continue in control of SPVH upon SPVH's becoming a Class III rail carrier and will remain in control of the following Class III carriers: Crystal City Railroad, Inc.; Lone Star Railroad, Inc.; Rio Valley Railroad, Inc.; and Mississippi Tennessee Holdings, Inc. Applicants state that IHR will continue in control of SPVR upon SPVR's becoming a Class III rail carrier and will remain in control of the following Class III carriers: Texas Railroad Switching, Inc.; Rio Valley Switching Company; Mississippi Tennessee Railroad, LLC; Southern Switching Company; Gardendale Railroad, Inc.; Caney Fork & Western Railroad; and Santa Teresa Southern Railroad.

The earliest these transactions may be consummated is October 17, 2018, the effective date of the exemptions (30 days after the verified notices were filed).² CGX and

² The verified notices of exemption in Docket Nos. FD 36218 and FD 36219 originally were filed on August 30, 2018, but were supplemented on September 17, 2018,

IHR state that they intend to consummate the transactions no sooner than 30 days after the filing of the notices of exemption.

Applicants state that: (1) the properties to be acquired by SPVH and operated by SPVR, and the properties of the rail carriers controlled by CGX and IHR do not connect with each other; (2) the proposed continuances in control are not part of a series of anticipated transactions that would connect the carriers with each other or any railroad in their corporate families; and (3) the transactions do not involve a Class I rail carrier.

Therefore, the transactions are exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under Sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here because all of the carriers involved are Class III carriers.

If the notices contain false or misleading information, the exemptions are void ab initio. Petitions to revoke the exemptions under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemptions. Petitions for stay must be filed no later than October 10, 2018 (at least seven days before the exemptions become effective).

to clarify the common control of the entities involved in the transactions. Therefore, September 17 is deemed the verified notices' filing date.

An original and 10 copies of all pleadings, referring to Docket Nos. FD 36218 and FD 36219, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on the applicants' counsel, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1666, Chicago, IL 60604-1228.

According to applicants, these actions are categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic reporting under 49 CFR 1105.8(b).

Board decisions and notices are available on our website at www.stb.gov.

Decided: September 25, 2018.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.

Jeffrey Herzig,

Clearance Clerk.

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